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Development Model of People's Business Credit Impact on MSME Productivity and Sustainability

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ABSTRACT

Purpose – This study aims to analyze the impact of People's Business Credit (KUR) distribution on MSME productivity and business sustainability among women-owned MSMEs in Tangerang City.
Design/methodology/approach – This study uses a quantitative approach. Data were collected through questionnaires administered to 90 women-owned MSMEs in Tangerang City. The data were analyzed using descriptive statistics and PLS-SEM with SmartPLS.
Finding/Results – The results show that KUR distribution has a positive and significant influence on MSME productivity and business sustainability. Productivity also significantly influences business sustainability.
Originality/Value – This study contributes by empirically modeling the direct effect of People's Business Credit on business sustainability and its indirect effect through MSME productivity among women-owned MSMEs. It therefore extends prior KUR studies, which mostly focus on income or turnover, by positioning productivity as a mechanism linking credit access and business sustainability.

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1. Introduction

National development is an effort to improve the capabilities of the community in the global era by relying on the economic sector as a measure of the success of government efforts. In macroeconomic analysis, it can be seen that a country's economic growth can be seen from the increase in the number of goods and services and job opportunities for the community. Therefore, the community needs to be involved in developing the regional economy, one of which is Micro, Small, and Medium Enterprises (MSMEs). One crucial problem in MSME development is limited capital, which certainly hinders the room for MSMEs to expand their businesses. Therefore, providing appropriate and sustainable credit is crucial to increasing business capacity, expanding business scale, and encouraging MSME innovation (Santiadin et al., 2023). Pracoyo & Pratiwi, (2021) stated that providing microcredit to MSMEs can increase economic growth in Indonesia. With adequate financial support, MSMEs can contribute more to national economic development and improve community welfare.

Micro, Small, and Medium Enterprises (MSMEs) are one of the backbones of the Indonesian economy, both in terms of the number of business actors, workforce absorption, and their contribution to Gross Domestic Product (Yolanda, 2024). The government, through the People's Business Credit (KUR) program, seeks to improve access to financing for MSMEs that often face capital constraints, including women-owned MSMEs, which are empirically more vulnerable to obstacles in accessing capital and other resources. People's Business Credit (KUR) provides important benefits for MSMEs by strengthening business capital and improving operational efficiency. Waryanto (2020) showed that the combination of working capital and KUR financing was able to significantly increase MSME income, while research by Erikawati & Adiba (2024)confirmed that Sharia KUR helps increase MSME turnover through financing mechanisms that are more in line with sharia principles.

The position of MSMEs in the national economy has a strategic role, one of which is in empowering women in the field of entrepreneurship (Juwairiyah et al., 2022). Women also play a crucial role in microfinance initiatives because they often face the highest poverty rates. Providing small-scale loans helps empower women by increasing their opportunities to establish micro-enterprises or engage in income-generating activities. At the national level, women play a significant role in the Micro, Small and Medium Enterprises (MSMEs) sector, which contributes more than 60% to the country's Gross Domestic Product (GDP) (Arifa et al., 2025).

According to data from the Ministry of Cooperatives and SMEs, there are 65 million MSMEs in Indonesia. Of these, 64 million are micro-enterprises, and 60 percent are owned and managed by women. In line with government programs that prioritize women's empowerment in the field of gender-sensitive entrepreneurship, it is hoped that this priority program can be implemented sustainably.

Women's involvement in the economic sector still faces various challenges, one of which is limited access to resources and funding (Abdurrahman & Tusianti, 2021). Although women have great potential for entrepreneurship, they are often hampered by limited capital to develop their businesses. The government's efforts to address this issue include the People's Business Credit (KUR) program, first launched in November 2007, based on Presidential Instruction No. 6 of 2007 concerning the policy of accelerating real sector development and empowering Micro, Small, and Medium Enterprises (MSMEs) (Purmiyati et al., 2019). KUR is a government program designed to provide easy access to capital for women MSMEs (Armaya et al., 2025). However, the program's utilization by women MSMEs remains limited due to a

lack of knowledge, limited access to information, and social and cultural issues that hinder their participation (Sri et al., 2024).

Although People's Business Credit (KUR) has been widely discussed as a financing instrument for MSME development, prior studies have predominantly emphasized its effect on income, turnover, or financing access. Much less attention has been paid to how KUR strengthens business sustainability through productivity improvement, particularly among women-owned MSMEs. This is an important omission because business sustainability is not only determined by access to capital, but also by the firm's ability to transform financing into productive capability and long-term business resilience.

The focus on women-owned MSMEs is also important because female entrepreneurs often face overlapping constraints, including limited collateral, restricted mobility, lower financial literacy, and weaker access to formal financial institutions. In this context, KUR is not merely a financing facility, but also a policy instrument that may reduce structural barriers to enterprise growth among women entrepreneurs.

This study contributes to the MSME financing literature in three ways. First, it extends the discussion of People's Business Credit beyond income and turnover by examining its relationship with business sustainability. Second, it positions MSME productivity as an explanatory mechanism linking credit access and sustainability. Third, it provides empirical evidence from women-owned MSMEs in Tangerang City, a context that remains underexplored in the literature on MSME financing and enterprise sustainability.

2. Literature Review & Hypothesis Development

2.1. People's Business Credit and MSME Productivity

People's Business Credit (KUR) is a government-supported financing instrument intended to expand formal credit access for micro, small, and medium enterprises, especially those that are productive but constrained by insufficient collateral and limited access to conventional bank loans. In the context of MSME development, KUR should not be viewed merely as a lending scheme, but as a mechanism for reducing financial constraints that frequently inhibit business expansion and operational improvement. Through working capital and investment financing, KUR enables MSMEs to maintain business continuity and strengthen their production capacity (Purmiyati et al., 2019; Sutarti et al., 2022; Ganefi et al., 2023).

Access to credit is theoretically important because financing constraints are among the main obstacles preventing MSMEs from improving their productive performance. Limited internal capital often makes it difficult for small firms to purchase raw materials in sufficient quantity, invest in tools or simple technologies, or maintain a smooth production cycle. In this regard, KUR may improve the working capital cycle by allowing enterprises to finance inventory, support day-to-day operations, and avoid production disruptions caused by liquidity shortages. Credit therefore functions not only as additional funds, but as productive capital that supports higher efficiency and output (Anggi & Adib, 2023; Suarman et al., 2022).

For women-owned MSMEs, this relationship is particularly relevant because female entrepreneurs often face greater barriers in accessing formal financial resources. Once financing becomes more accessible, women entrepreneurs can allocate resources more effectively toward productive purposes, such as purchasing inputs, improving equipment, and maintaining business operations more consistently. Prior studies also suggest that KUR contributes to MSME development by strengthening business capacity, profitability, and

performance, all of which reflect improved productivity outcomes (Hutagalung et al., 2024; Siti Nurhalizah & Sumarni, 2025; Anggraeni & Haryatiningsih, 2024).

Based on this reasoning, access to People's Business Credit is expected to have a positive effect on MSME productivity because it reduces financing barriers, supports the procurement of productive inputs, improves operational efficiency, and expands output capacity.

H1: People's Business Credit has a positive effect on MSME productivity.

2.2. MSME Productivity and Business Sustainability

MSME productivity refers to the enterprise's ability to utilize available resources efficiently in order to generate higher and more stable business output. In small business settings, productivity is not only reflected in the quantity of goods or services produced, but also in the enterprise's capability to manage costs, maintain output quality, and improve operational effectiveness. A more productive MSME is generally in a better position to strengthen its financial condition and sustain its market presence over time (Anggi & Adib, 2023; Hutagalung et al., 2024). In this study, MSME productivity is treated in an operational sense as improved resource utilization and business efficiency rather than a broad macro-level concept of productivity.

The relationship between productivity and business sustainability can be explained through several mechanisms. First, productivity improves cost efficiency, which enables enterprises to maintain healthier margins. Second, productivity strengthens competitiveness because firms that produce more efficiently are better able to meet customer demand and respond to market changes. Third, higher productivity supports business continuity because enterprises become more capable of surviving operational pressures and adapting to uncertainty. In this sense, productivity is not merely a short-term performance indicator, but a foundation for long-term business viability.

This argument is relevant to MSMEs because sustainability in small business contexts is often closely linked to continuity, adaptability, and the capacity to remain economically viable. Studies on business sustainability emphasize that long-term enterprise survival depends on strategic capability, operational effectiveness, and the ability to maintain business performance over time (Azimi & Saleh, 2025; Tugiantoro & Adhani, 2025; Ardhiyansyah & Juniansyah, 2024).

Accordingly, MSMEs with stronger productivity are expected to be more capable of sustaining their business activities, strengthening their market position, and maintaining long-run continuity.

H2: MSME productivity has a positive effect on business sustainability.

2.3. People's Business Credit and Business Sustainability

The effect of People's Business Credit on business sustainability should not be interpreted only as an increase in financial capital. More importantly, credit access may directly strengthen business sustainability by improving cash flow stability, reducing operational vulnerability, and increasing the enterprise's capacity to maintain continuity in the face of market uncertainty. For MSMEs with limited internal financial reserves, access to affordable credit is often essential not only for growth, but also for survival and adaptation. In this sense, KUR can act as a stabilizing instrument that helps businesses remain active and resilient over time (Purmiyati et al., 2019; Sutarti et al., 2022).

In the MSME context, business sustainability may be understood as the enterprise's ability to continue operating, adjust to competitive and environmental changes, and preserve its long-term viability. This meaning is especially relevant for micro and small firms, where

sustainability is closely related to continuity of operations, financial resilience, market adaptability, and business development capacity. Previous studies indicate that sustainability is shaped by both internal managerial capability and external support, including financing access and strategic business practices (Azimi & Saleh, 2025; Setyono et al., 2024; Tugiantoro & Adhani, 2025).

For women-owned MSMEs, the direct effect of KUR on sustainability is particularly plausible because formal credit can reduce dependence on informal borrowing, improve predictability in business planning, and support gradual business expansion. Enterprises with stronger financing access are generally better able to manage liquidity, sustain production, and maintain operational continuity. This suggests that KUR may directly affect sustainability through stronger financial stability, continuity capacity, adaptability, and expansion readiness.

Based on this argument, People's Business Credit is expected to have a positive effect on business sustainability.

H3: People's Business Credit has a positive effect on business sustainability.

2.4. Mediating Role of Productivity

Although access to credit is important, credit alone does not automatically generate business sustainability. The long-term effect of financing depends on how effectively such financing is converted into productive capacity. If credit is used only to temporarily cover operational shortages without strengthening efficiency, output, or competitiveness, its impact on sustainability may remain limited. By contrast, when credit is used productively to improve production, resource allocation, and business performance, it is more likely to contribute to sustainable business outcomes (Anggi & Adib, 2023; Suarman et al., 2022).

This logic places productivity as an intervening mechanism between KUR and business sustainability. KUR provides the financial means, but productivity reflects the enterprise's ability to transform those financial resources into stronger business performance. Once productivity improves, MSMEs are more likely to achieve better margins, stronger competitiveness, and greater resilience, all of which support sustainability. In other words, sustainability is not created merely because firms receive credit, but because they can transform credit into productive business capability (Hutagalung et al., 2024; Siti Nurhalizah & Sumarni, 2025).

This mediating relationship is also consistent with the broader sustainability perspective in which long-term business viability depends on the ability to combine financial support with effective operational and strategic performance. Thus, productivity serves as the explanatory pathway through which KUR can generate more durable sustainability outcomes among women-owned MSMEs (Azimi & Saleh, 2025; Ardhiyansyah & Juniansyah, 2024).

Accordingly, MSME productivity is expected to mediate the relationship between People's Business Credit and business sustainability.

H4: MSME productivity mediates the effect of People's Business Credit on business sustainability.

3. Methodology

This study used a quantitative research design to examine the relationships among People's Business Credit (KUR), MSME productivity, and business sustainability among women-owned MSMEs in Tangerang City. The quantitative approach was applied to test the relationships among People's Business Credit (KUR), MSME productivity, and business

sustainability, while the qualitative approach was used to support the interpretation of the statistical results.

The population consisted of women-owned MSMEs in Tangerang City. The sample was selected using purposive sampling, with 90 respondents who met the criteria of being women business owners or managers, having operated their businesses for at least one year, and having experience related to KUR access or use. This sample size was considered adequate for PLS-SEM analysis.

Respondent characteristics were described based on age, business duration, business sector, business scale, and KUR recipient status. The descriptive findings showed that most respondents were aged 40 years and above and had operated their businesses for more than five years, indicating that the sample was dominated by relatively experienced women entrepreneurs.

Data were collected through a structured questionnaire adapted from previous studies and adjusted to the context of women-owned MSMEs. The KUR variable was measured using indicators of character, ability, economic condition, and collateral. MSME productivity was measured as the firm's capacity to utilize resources more effectively in supporting business operations and output. Business sustainability was measured in terms of economic and managerial continuity rather than full environmental-social-ESG dimensions. All items were measured using a five-point Likert scale.

To strengthen the findings, semi-structured interviews were also conducted with selected respondents. These interviews were used to provide additional explanation of how KUR influenced productivity improvement and business continuity.

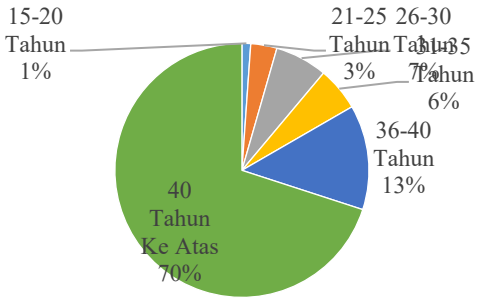
The data were analyzed in two stages. First, descriptive statistics were used to present respondent characteristics. Second, PLS-SEM with SmartPLS was employed to evaluate the outer model and inner model, including convergent validity, composite reliability, path coefficients, bootstrapping, and indirect effect testing.

4. Result and Discussion

4.1. Descriptive Statistical Analysis

Respondent characteristics indicate that the majority are aged 40 and above. Most respondents also have more than five years of business experience.

Figure 1. Respondent Characteristics Based on Age

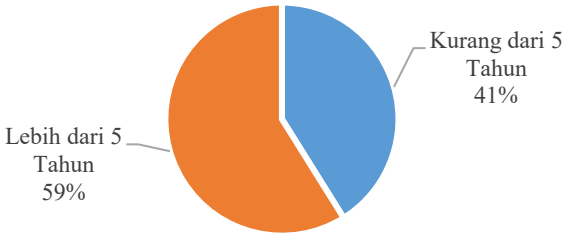


Based on the data presented in Figure 2, the distribution of the number of people by age group shows a very strong dominance in the age group 40 years and above. Of the total 90 people, 63, or approximately 70%, are in this age group. This indicates that the majority of the population involved in this data are adults or older. In contrast, younger age groups such as

15–20 and 21–25 years old only numbered 1 and 3 people, respectively, indicating very low participation among young people.

Furthermore, the characteristics of respondents based on the length of time they have been in business are that most have been in business for more than 5 years, as explained in Figure 2 below.

Figure 2. Respondent Characteristics Based on Length of Business

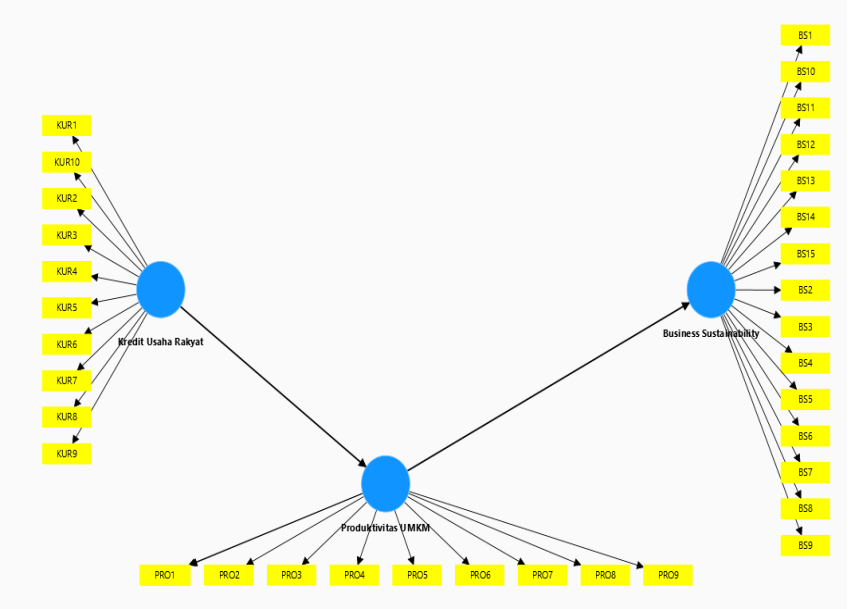


In addition to age and business duration, respondent characteristics were also described based on education level, business sector, business scale, and KUR access status. These additional profiles provide a more comprehensive picture of the women-owned MSMEs involved in this study and help clarify the empirical context of the analysis.

4.2 Outer Model Test

This measurement is used to measure the validity and reliability of a study. The initial model of this study can be seen in Figure 3.

Figure 3. Initial Model



4.3. Validity and Reliability Test

4.3.1. Validity Test Results

In this study, the validity testing of the instrument in PLS uses convergent validity consisting of the Factor Loading (Outer Loading) and Average Variance Extracted (AVE) values, and the discriminant validity test is measured from the Fornell-Larcker Criterion and Cross Loading.

Factor Loading is a value used to determine the validity of questionnaire data indicators. The standard for measuring factor loading is that a value >0.6 is considered adequate, and >0.7 is considered high. The outer loading values are shown in the table below.

Table 1. Outlier Loading

Indicator	Business Sustainability	People's Business Credit	MSME Productivity	Remark
BS1	0.897			Valid
BS10	0.913			Valid
BS11	0.922			Valid
BS12	0.929			Valid
BS13	0.938			Valid
BS14	0.945			Valid
BS15	0.946			Valid
BS2	0.784			Valid
BS3	0.890			Valid
BS4	0.951			Valid
BS5	0.602			Accepted
BS6	0.899			Valid
BS7	0.784			Valid
BS8	0.949			Valid
BS9	0.850			Valid
KUR1		0.943		Valid
KUR10		0.803		Valid
KUR2		0.927		Valid
KUR3		0.938		Valid
KUR4		0.932		Valid
KUR5		0.918		Valid
KUR6		0.945		Valid
KUR7		0.897		Valid
KUR8		0.880		Valid
KUR9		0.888		Valid
PRO1			0.929	Valid
PRO2			0.909	Valid
PRO3			0.919	Valid
PRO4			0.827	Valid
PRO5			0.940	Valid
PRO6			0.911	Valid
PRO7			0.903	Valid
PRO8			0.889	Valid

Indicator	Business Sustainability	People's Business Credit	MSME Productivity	Remark
PRO9			0.920	Valid
PRO10			0.871	Valid

Based on the results of the outer loading analysis of three main constructs: Business Sustainability, People's Business Credit, and MSME Productivity, it can be concluded that most indicators demonstrate adequate validity. Within the Business Sustainability construct, of the 15 indicators tested, 14 had outer loading values above 0.70, indicating that these indicators are valid and able to represent the construct well. The outer loading table was organized by construct to clearly distinguish indicators belonging to Business Sustainability, People's Business Credit, and MSME Productivity.

Although BS5 has a relatively lower outer loading value of 0.602 compared to the other indicators, it was retained in the model because values around 0.60 are still acceptable in exploratory research, particularly when the construct demonstrates strong overall convergent validity and reliability. In this study, the Business Sustainability construct showed high AVE and composite reliability values, indicating that the construct remained adequately measured despite the relatively lower loading of BS5.

Table 2. AVE

Construct	Average Variance Extracted (AVE)
Business Sustainability	0.814
People's Business Credit	0.825
MSME Productivity	0.814

Based on the Average Variance Extracted (AVE) values of each construct, it can be concluded that the three constructs in the research model, namely Business Sustainability, People's Business Credit, and MSME Productivity, have excellent convergent validity. The AVE value indicates how much of the variance of the indicators is successfully explained by the latent construct. In general, the minimum threshold for AVE is 0.50, which means at least 50% of the indicator's variance must be explained by the construct it measures. In these results, all AVE values are above 0.80, namely 0.814 for Business Sustainability, 0.825 for People's Business Credit, and 0.814 for MSME Productivity.

4.3.2. Reliability Test Results

In general, instrument reliability testing in PLS uses Composite Reliability, a block of indicators that measures a construct. The Composite Reliability values are shown in the table below:

Table 3. Composite Reliability

Construct	Composite Reliability
Business Sustainability	0.983
People's Business Credit	0.977
MSME Productivity	0.977

Based on the results of the Composite Reliability test on each construct, a value was obtained that indicates a very high level of internal consistency. The Business Sustainability construct has a composite reliability value of 0.983, while the People's Business Credit and MSME

Productivity constructs each have a value of 0.977. A good composite reliability value is one that is above 0.70, and a value between 0.70 and 0.90 indicates adequate reliability, while a value above 0.90 indicates very high reliability. Thus, it can be concluded that all constructs in the research model have met strict internal reliability requirements and can be used with a high level of confidence in the further analysis process.

4.4. Inner Model Test Result

A structural model is a model for predicting causal relationships between latent variables.

4.4.1. R Square Test Results

Changes in the R-square value can be used to assess the variation in the influence of independent variables on the dependent variable. The R-square values are shown in Table 4 below:

Table 4. R Square Test Results

Variable	R-square	R-square Adjusted
Business Sustainability	0.868	0.865
MSME Productivity	0.625	0.617

The table above shows the R-square and adjusted R-square values for two variables: Business Sustainability and MSME Productivity. The R-square value measures how much variation in the dependent variable can be explained by the independent variables in the regression model used. Meanwhile, the adjusted R-square provides a more accurate measure because it takes into account the number of independent variables used in the model. The table shows that Business Sustainability has an R-square value of 0.868, which means that 86.8% of the variation in business sustainability can be explained by the independent variables in the model. The adjusted R-square value is also high, namely 0.865, indicating that the model is very good in explaining the Business Sustainability variable even after adjusting for the number of predictor variables. This indicates that the regression model for Business Sustainability has a very good level of fit.

Meanwhile, MSME Productivity has an R-square value of 0.625, meaning that approximately 62.5% of the variation in MSME productivity can be explained by the model. The adjusted R-square value is slightly lower, at 0.617, but remains at a fairly good level. This indicates that although the model is not as strong as the model for Business Sustainability, it is still able to explain a significant portion of the variation in MSME productivity.

4.4.2. Hypothesis Testing

Hypotheses are tested using PLS, by examining the T-statistic or P-value for each variable to determine its influence and significance level. In hypothesis testing using the bootstrapping method, the research model is examined using the direct effect test to demonstrate the success of the research using the variables in the study. The table below shows the results of the significance level test, as seen through the T-statistic or P-values.

Table 5. Indirect Hypothesis Test

Variable Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
People's Business Credit → Business Sustainability	0.736	0.737	0.099	7.404	0,00
People's Business Credit → MSME Productivity	0.79	0.793	0.099	7.998	0,00
MSME Productivity → Business Sustainability	0.932	0.929	0.033	28.329	0,00

Table 5 shows the results of the direct effects test. The findings indicate that People's Business Credit has a positive and significant effect on MSME productivity and business sustainability. MSME productivity also has a positive and significant effect on business sustainability. These results confirm the direct relationships proposed in the study.

The analysis results show that People's Business Credit has a positive and significant influence on Business Sustainability with a path coefficient of 0.736 and a t-statistic value of 7.404 ($p < 0.001$). This indicates that the greater the support of People's Business Credit, the higher the business sustainability that can be achieved by MSMEs. In addition, People's Business Credit also has a significant positive influence on MSME Productivity with a coefficient of 0.79 and a t-statistic value of 7.998 ($p < 0.001$), indicating that this credit is effective in increasing MSME productivity. Furthermore, MSME Productivity directly contributes significantly to Business Sustainability with a very high coefficient of 0.932 and a t-statistic of 28.329 ($p < 0.001$), indicating that increasing MSME productivity plays a significant role in business sustainability. Overall, these three relationships show a strong and significant relationship, confirming the important role of People's Business Credit in increasing MSME productivity and business sustainability.

Table 6. Direct Hypothesis Test

Path Coefficients	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
People's Business Credit -> MSME Productivity	0.79	0.793	0.099	7.998	0,00
MSME Productivity -> Business Sustainability	0.932	0.929	0.033	28.329	0,00

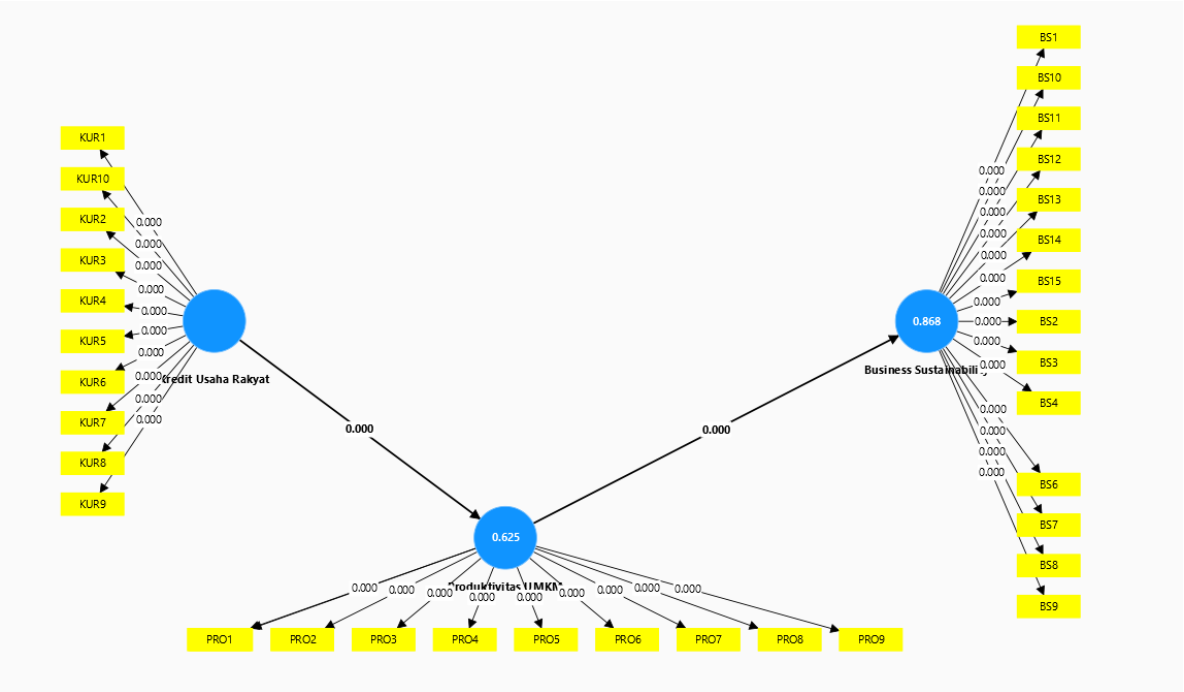
Table 6 presents the indirect effects test. The result shows that People's Business Credit indirectly influences business sustainability through MSME productivity, indicating that productivity mediates the relationship between KUR and business sustainability.

Path analysis shows that People's Business Credit has a significant positive effect on MSME Productivity with a coefficient of 0.79 and a t-statistic value of 7.998 ($p < 0.001$). This means that increasing access and use of People's Business Credit significantly increases MSME productivity. Furthermore, MSME Productivity also has a very strong and significant effect on Business Sustainability with a coefficient of 0.932 and a t-statistic value of 28.329 ($p < 0.001$). These findings indicate that higher productivity in MSMEs significantly contributes to ensuring business sustainability. These two relationships emphasize the important role of People's Business Credit in increasing productivity, which ultimately significantly supports the sustainability of micro, small, and medium enterprises.

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The final research model can be seen in Figure 4 below:

Figure 4. Final Model



4.5. Discussion

4.5.1. People's Business Credit (KUR) has a positive and significant influence on Business Sustainability

The results show that People's Business Credit has a positive and significant effect on business sustainability. This finding indicates that KUR plays an important role not only in providing additional capital, but also in strengthening the continuity of women-owned MSMEs. Access to formal credit enables business actors to maintain cash flow, support operational stability, and sustain future business development. In the context of small enterprises, sustainability is closely related to the ability to remain active, adaptive, and financially stable over time (Purmiyati et al., 2019; Sutarti et al., 2022).

This finding supports the argument that credit access contributes directly to economic and managerial continuity. For women-owned MSMEs, this relationship is particularly important because female entrepreneurs often face greater barriers in obtaining formal financing. Through KUR, these constraints may be reduced, allowing women entrepreneurs to manage their businesses with greater certainty and longer planning horizons. This interpretation is

consistent with the view that KUR is an important policy instrument for MSME empowerment and economic recovery (Ganefi et al., 2023).

This result is also in line with previous studies suggesting that KUR strengthens MSME performance and development. However, this study extends the existing literature by showing that the role of KUR is not limited to turnover or profitability, but also relates to business sustainability. In this regard, business sustainability is understood in a narrower MSME context as economic and managerial continuity rather than a full ESG-based perspective, which is still consistent with broader discussions of long-term business sustainability in prior studies (Setyono et al., 2024; Azimi & Saleh, 2025; Tugiantoro & Adhani, 2025).

4.5.2. People's Business Credit (KUR) has a significant positive impact on MSME productivity

The findings indicate that People's Business Credit has a positive and significant effect on MSME productivity. This means that access to KUR helps women-owned MSMEs improve their productive performance through better use of capital, smoother business operations, and stronger capacity to support production activities. In small business settings, credit access is crucial because financial constraints often prevent firms from purchasing inputs, improving equipment, or maintaining stable business operations (Anggi & Adib, 2023; Suarman et al., 2022).

This result confirms the theoretical view that credit functions as productive capital. KUR allows business owners to strengthen the working capital cycle, finance raw materials, and improve business efficiency, which in turn contributes to higher output and more effective resource utilization. For women-owned MSMEs, this effect is especially meaningful because many of them operate with limited financial reserves and restricted access to conventional sources of financing. This interpretation is consistent with previous studies showing that KUR supports MSME business development and performance improvement (Purmiyati et al., 2019; Siti Nurhalizah & Sumarni, 2025).

The result is also consistent with earlier findings that linked KUR to MSME income, profitability, and business growth. However, the present study highlights productivity as a more specific mechanism through which KUR contributes to business improvement. This implies that the value of KUR lies not only in increasing liquidity, but also in enabling MSMEs to transform financial access into stronger productive capacity (Hutagalung et al., 2024; Anggraeni & Haryatiningsih, 2024).

4.5.3. MSME productivity directly contributes significantly to Business Sustainability

The results show that MSME productivity has a positive and significant effect on business sustainability. This finding suggests that productive enterprises are more likely to maintain long-term continuity because they are better able to manage costs, increase efficiency, and strengthen their competitive position. In this study, productivity appears to be a key factor that links day-to-day business performance with long-run sustainability (Anggi & Adib, 2023; Suarman et al., 2022).

This relationship can be explained by the fact that more productive MSMEs generally have greater financial flexibility and stronger operational resilience. When businesses are able to produce more efficiently and respond better to market demand, they are more capable of sustaining their activities and adapting to competitive pressures. For women-owned MSMEs, improved productivity is particularly important because it supports not only short-term

income generation but also the enterprise's ability to survive and grow over time (Hutagalung et al., 2024; Siti Nurhalizah & Sumarni, 2025).

This finding strengthens the argument that sustainability is not achieved solely through access to external financing, but also through the enterprise's ability to convert available resources into productive outcomes. In this sense, productivity serves as a central mechanism in building business sustainability. The result therefore reinforces the importance of strengthening productive capability as part of MSME empowerment, especially among women entrepreneurs, while still aligning with prior studies that frame business sustainability as long-term continuity, strategic adaptation, and business development capacity (Azimi & Saleh, 2025; Tugiantoro & Adhani, 2025; Ardhiyansyah & Juniansyah, 2024).

5. Conclusion and Suggestion

This study concludes that People's Business Credit has a positive and significant effect on MSME productivity and business sustainability among women-owned MSMEs in Tangerang City. The findings also confirm that MSME productivity significantly contributes to business sustainability, indicating that access to credit becomes more meaningful when it is translated into productive business capability. Thus, KUR should be understood not only as a financing facility, but also as a strategic instrument that supports the continuity and development of women-owned MSMEs.

Based on these findings, efforts to support women-owned MSMEs should focus not only on expanding access to KUR, but also on strengthening entrepreneurial capacity, financial management, and productive business utilization. Future policies should therefore integrate financing support with training and business assistance so that the benefits of KUR can contribute more effectively to long-term business sustainability.

6. Limitations and Future Research

This study has several limitations that need to be considered. First, the research sample is limited to women-owned MSMEs in Tangerang City, which may limit the generalization of the findings to other regions or different types of MSMEs. Second, this study only examines a limited number of variables, namely People's Business Credit (KUR) distribution, MSME productivity, and business sustainability. Other factors that may influence business sustainability, such as financial literacy, digital marketing capability, and entrepreneurial orientation, were not included in this study.

In addition, the research uses a cross-sectional approach, which only captures conditions at a particular time. Therefore, it may not fully reflect the long-term impact of credit distribution on MSME development.

Future research is expected to expand the scope of the study by involving a larger number of respondents and including MSMEs from different regions. Further studies may also incorporate additional variables such as financial literacy, innovation capability, digital business adoption, and entrepreneurial competence to provide a more comprehensive understanding of MSME sustainability.

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